



Reassessment/PTABOA

Department of Local Government Finance

Barry Wood

Assessment Division Director

January 2012



Reassessment/PTABOA

- Reassessment Administration and Concepts
- The Next Steps
- Equalization
- What's Next?
- Appeals and the PTABOA
- Questions



Reassessment/PTABOA

- **Reassessment Administration and Concepts:**

- ***Purpose of Reassessment:***

To produce accurate and uniform values throughout an assessment jurisdiction and across all classes of property.

- ***Place of Reassessment:***

Real property is assessed at the place where it is situated. Per IC 6-1.1-2-4 (b) and (c), real property is assessed to the person liable.



Reassessment/PTABOA

- ***Department of Local Government Finance Oversight:***

Per IC 6-1.1-4-31(a), the Department shall periodically check the conduct of a general reassessment of property.

- ***Reassessment Principles:***

The Indiana Constitution, the statutes of the Indiana General Assembly, and case law by the Indiana Courts (including the Indiana Tax Court and the Indiana Supreme Court) are the foundation of the reassessment. It does not ensure absolute and precise exactitude as to the uniformity and equality of each individual assessment.



Reassessment/PTABOA

- A reassessment is the physical inspection of each property to ensure property record information is correct.
- **Reassessment Schedule:**
 - July 1, 2010 - Reassessment begins
 - December 1, 2010 - 1/4 parcels done
 - May 1, 2011 - 1/2 parcels done
 - October 1, 2011 - 3/4 parcel done
 - March 1, 2012 - All parcels complete
 - July 1, 2012 – Assessor “rolls” values to Auditor



Reassessment/PTABOA

■ The Next Steps:

- The Assessor (or vendor) shall apply the updated cost information to establish a new replacement cost.
- The Location Cost Multiplier shall be applied. The Assessor may develop his own multiplier or he may use the multiplier established by the Department.
- Depreciation should be updated and applied.
- Obsolescence should also be reviewed.

*For the March 1, 2012 assessment date, the Depreciation Schedule will remain the same; however, it is expected the Depreciation Schedule may change for the March 1, 2013 assessment date.



Reassessment/PTABOA

- The updated land values should be applied.
- The new value (replacement cost new less depreciation) plus land should be compared with sales in the neighborhood or market area. If needed, a neighborhood factor shall be applied to establish the market value-in-use.
- A ratio study should be completed to ensure the assessed value closely approximates the market value-in-use.
- Sales used in ratio study must be screened to ensure they reflect market value-in-use of real property transferred.



Reassessment/PTABOA

- The valuation date for the 2012 general reassessment is March 1, 2012.
- The assessing official shall use sales of properties occurring during a period of time from March 2, 2010 through March 1, 2012 for the March 1, 2012 general assessment date.
- Sales occurring before the valuation date of March 1, 2012 shall be trended for time, if appropriate, in accordance with the *IAAO Standard on Ratio Studies* (July 2007).



Reassessment/PTABOA

- Every arm's length, open market sale that appears to meet the condition of a market value-in-use transaction must be included in the ratio study *unless*:
 - Sales data are incomplete, unverifiable, or suspect; or
 - Fails to pass one or more specific tests of acceptability in the *Standard on Ratio Studies*.



Reassessment/PTABOA

- Level of Assessment (Median) must fall between 0.90 and 1.10 for any class of property.
- Coefficient of Dispersion (COD) standard for improved residential property will be 15.0 or less. For newer or more homogeneous areas, it is 10.0 or less.
- Income producing property, vacant land, and other real property will have COD of 20.0 or less.
- Price Related Differential (PRD) must be between 0.98 and 1.03.



Reassessment/PTABOA

■ Equalization:

The purpose of equalization is to establish procedures and standards in the adjustment of assessed valuations under IC 6-1.1-13 to attain a just, equal, and uniform basis and level of assessment among taxpayers in a county and from county to county.



Reassessment/PTABOA

50 IAC 27-2-6 "Direct equalization" defined

Authority: IC 6-1.1-31-1; IC 6-1.1-31-12

Affected: IC 6-1.1-4-4.5

Sec. 6. "Direct equalization" means the process of converting ratio study results into adjustment factors and changing locally determined assessed values to more nearly reflect market value-in-use or the legally required level of assessment.

(Department of Local Government Finance; 50 IAC 27-2-6; filed Apr 8, 2010, 1:45 p.m.: 20100505-IR-050090502FRA)



Reassessment/PTABOA

- County Assessors shall perform equalization before tax bills are sent based on values generated by a general reassessment.
- The Department may propose to equalize valuations in any county, between counties, or in the state as a whole, in any one (1) or more of the classes of property. The Department shall issue notice and provide opportunity for a hearing in accordance with IC 6-1.1-14-4 and IC 6-1.1-14-9, as applicable, before issuing a final equalization order.



Reassessment/PTABOA

■ What's Next?

- After the Assessor has rolled their values to the Auditor by July 1st, planning should begin for the 2013 pay 2014 annual adjustment process.
- This would include verification and validation of the 2012 sales disclosures.
- Generally, after the general reassessment, there is an increase in the number of appeals filed – so be prepared.



Reassessment/PTABOA

IC 6-1.1-4-22

Amounts of assessment or reassessment; notice

Sec. 22. (a) If any assessing official assesses or reassesses any real property under this article, the official shall give notice to the taxpayer and the county assessor, by mail, of the amount of the assessment or reassessment.

(b) During a period of general reassessment, each township or county assessor shall mail the notice required by this section within ninety (90) days after the assessor:



Reassessment/PTABOA

- (1) completes the appraisal of a parcel; or
- (2) receives a report for a parcel from a professional appraiser or professional appraisal firm.
- (c) The notice required by this section must include notice to the person of the opportunity to appeal the assessed valuation under IC 6-1.1-15-1.
- (d) Notice of the opportunity to appeal the assessed valuation required under subsection (c) must include the following:



Reassessment/PTABOA

- (1) The procedure that a taxpayer must follow to appeal the assessment or reassessment.
 - (2) The forms that must be filed for an appeal of the assessment or reassessment.
 - (3) Notice that an appeal of the assessment or reassessment requires evidence relevant to the true tax value of the taxpayer's property as of the assessment date.
- (Formerly: Acts 1975, P.L.47, SEC.1.) As amended by Acts 1977, P.L.64, SEC.2; P.L.6-1997, SEC.19; P.L.146-2008, SEC.76; P.L.136-2009, SEC.4.*



Reassessment/PTABOA

- **Appeals and the PTABOA:**

- The Assessor should have an appeal tracking process (see [http://www.in.gov/dlgf/files/100201 - Wood Memo - Assessment Appeals.pdf](http://www.in.gov/dlgf/files/100201_Wood_Memo_Assessment_Appeals.pdf)) to ensure all appeals are addressed in a timely manner.

- HEA 1001 – 2009 (ss) allows the County Commissioners to determine if they want a three or five member PTABOA (effective July 1, 2009).

- The PTABOA must be comprised of individuals “knowledgeable in the valuation of property.”



Reassessment/PTABOA

- Five (5) Member PTABOA:
 - Commissioners appoint three (3) members.
 - County fiscal body (i.e. Council) appoints two (2) members.
 - At least one (1) of the members appointed by the fiscal body must be a Level II or III assessor-appraiser.
 - At least 1 of the Commissioner's appointments must be a Level II or III; however, they may waive this requirement.
 - No more than 3 of the 5 members may be of the same political party, and at least 3 of the 5 are residents of the county.



Reassessment/PTABOA

- Three (3) Member PTABOA
 - The county fiscal body appoints 1 individual who must be a Level II or III assessor-appraiser.
 - The Commissioners appoint 2 freehold members. Not more than 2 of the members may be of the same political party and at least 2 of the members are residents of the county.
 - At least 1 of the Commissioner's appointments must be a Level II or III; however, they may waive this requirement.



Reassessment/PTABOA

- Compensation & policies are local issues.
- Board members shall receive compensation on a per diem basis for each day of actual service.
- The County Council shall fix the rate of compensation.
- The County Assessor shall keep an attendance record
 - Certifies the number of days to the County Commissioners.



Reassessment/PTABOA

The Board has the power to:

- Subpoena witnesses
- Examine witnesses, under oath, on the assessment or valuation of property
- Compel witnesses to answer its questions relevant to the assessment of valuation of property
- Order the production of relevant papers



Reassessment/PTABOA

- The Board may hire additional field representatives and hearing examiners to assist the Board in performing its duties and functions.
- Representatives and Examiners must be Level II or III certified.
- The number and compensation of representatives and examiners employed are subject to the appropriations for that purpose by the County Council.



Reassessment/PTABOA

- Representatives and examiners are afforded the same powers as members of the Board concerning the review of and hearings on an assessment.
- Representatives and examiners shall report their findings to the Board in writing.
- The Board can accept the representatives and examiner's recommendation or hold further hearings and take additional evidence.
- The Board makes the final decision on each matter.



Reassessment/PTABOA

- A taxpayer may obtain a review by the Board with respect to the assessment of the taxpayer's tangible property.
- To initiate the review, the taxpayer must file a timely notice in writing with the assessor.
- Notice must include:
 - the name of the taxpayer
 - the address & parcel or key number of the property
 - the address & phone number of the taxpayer.



Reassessment/PTABOA

- Appeal must be filed:
 - not later than 45 days from:
 - the date of the notice of assessment (e.g., Form 11 or if no Form 11, the tax bill); or
 - action on the deduction
 - May 10 if no notice of assessment is given



Reassessment/PTABOA

- Hearing “not later than” 180 days after date of notice if:
 - the taxpayer and the assessor do not agree on the resolution of all assessment or deduction issues in the review
 - the PTABOA does not receive a form within 120 days after the date of the notice for review filed by the taxpayer
 - no informal preliminary meeting is held within 120 days after the date of the notice for review filed by the taxpayer



Reassessment/PTABOA

- The PTABOA shall, by mail, give notice of the date, time, and place fixed for the hearing to the taxpayer and the county or township official with whom the taxpayer filed the notice for review. (Form 114)
- The PTABOA may not require a taxpayer to file documentary evidence or summaries of statements of testimonial evidence before the hearing.
- Taxpayer may appeal to IBTR if hearing not held by PTABOA within 180 days of appeal.
- Taxpayer may appeal to IBTR within 45 days of PTABOA decision.



Reassessment/PTABOA

- A taxpayer must establish a “prima facie case” proving both:
 - the current assessment is incorrect; and
 - specifically what the correct assessment should be.
 - (See Meridian Towers East & West v. Washington Township Assessor – 805 N.E.2d 475)
- “Prima Facie:” Case in which the evidence is sufficient to establish a given fact and which, if not contradicted, will remain sufficient.



Reassessment/PTABOA

- Taxpayers who challenge an assessment simply by saying that their taxes are too high have not established a prima facie case
 - have not proven what the correct assessed value should be.

- Taxpayers who challenge the methodology or calculations often do not establish a prima facie case
 - have not proven what the correct assessed value should be.



Reassessment/PTABOA

- A property's market value-in-use, as determined using the Assessment Guidelines, is presumed to be accurate.
- A taxpayer may challenge that presumption with evidence that is consistent with the Assessment Manual's definition of true tax value.
- Per HEA 1001 – 2009 (ss), the assessing official now has the burden of proof where the assessment increased more than five percent (5%) over the preceding assessment date. Effective July 1, 2009.
- It is the Department's opinion that this burden of proof is applicable during a period of a General Reassessment.



Reassessment/PTABOA

- “True tax value” \neq fair market value.
- “True tax value” = “market value-in-use” of a property for its current use, as reflected by the utility received from the property
- IC 6-1.1-31-6(c) & Manual.



Reassessment/PTABOA

- Three generally accepted techniques to calculate market value-in-use:
 - cost approach
 - sales comparison approach
 - income approach
- The primary method used by assessing officials is the cost approach.



Reassessment/PTABOA

Evidence may include:

- A market value-in-use appraisal prepared according to USPAP
 - Sales information for the subject property or comparable properties
 - Other information compiled according to generally accepted appraisal principles.
-
- ❖ **An appraisal is not required to file an appeal.**



Reassessment/PTABOA

- Taxpayer must explain how each piece of evidence relates to its requested assessment based on market value-in-use as of the relevant valuation date.
- It is the taxpayer's duty to walk the board through every element of the analysis.
- (See Indianapolis Racquet Club, Inc. v. Washington Twp. Ass'r 802 N.E.2d 1018)



Reassessment/PTABOA

- Once the taxpayer establishes a prima facie case, the burden shifts to the assessor to refute the taxpayer's evidence.
- (See American United Life Insurance Co. v. Maley 803 N.E.2d 276)
- Assessors can provide their own evidence to support their assessment or to challenge evidence presented by the taxpayer.



Reassessment/PTABOA

- An assessor cannot simply say that they reviewed the taxpayer's evidence and decided that it was not valid.
- They must be able to challenge it based on its merit and be able to demonstrate that the evidence lacks credibility.
- This challenge could be accomplished by identifying specific flaws in the taxpayer's evidence or by submitting evidence to demonstrate the flaws.



Reassessment/PTABOA

- Appraisals need to be analyzed to determine sales comparables being used in relationship to subject property. Adjustments being made to these sales comparables also should be analyzed.
- Comparable sales used in sales comparison approach should be in same market area as the subject property.



Reassessment/PTABOA

- Question: So how do I, as a Board member, decide that a prima facie case has been made?
- Answer: That decision must be determined on a case-by-case basis as the evidence and circumstances on each hearing will vary. Becoming familiar with the available resources could be very helpful.



Reassessment/PTABOA

Resources Board members could utilize include:

- The Indiana Code & the Indiana Administrative Code
- DLGF Guidelines & Assessment Memorandums
- Indiana Tax Court Cases
(www.in.gov/judiciary/tax/index.html - see Archives Tax Court Opinions)
- Indiana Board of Tax Review Decisions
(www.in.gov/ibtr-see Decisions; select month/yr)
- IAAO Publications & Courses
- Continuing Education Courses



Reassessment/PTABOA

- Reviewing decisions made by the Indiana Board of Tax Review (IBTR) may be the most helpful.
 - They analyze the facts and issues and apply the statutes, rules, and court rulings that support their decision.
- However, an IBTR decision should not be used as a reason to either approve or deny an appeal. Each case, both the IBTR decision and the appeal being considered, are case specific.



Reassessment/PTABOA

- Question: Should the Board reschedule a hearing because the taxpayer is not prepared to properly present the necessary evidence?
- Answer: This decision would be left up to the Board; however, the taxpayer should be prepared to present a case since it is their appeal so this type of delay should happen rarely.



Reassessment/PTABOA

- Question: Should the Board visit the properties on appeal?
- Answer: Conducting an on-site inspection would be a rare occurrence when considering the Board's use of time and budgetary constraints.



Reassessment/PTABOA

- Question: What constitutes a quorum for the Board?
- Answer: IC 6-1.1-28-1 states that a majority of the PTABOA that includes at least one (1) certified level two or level three assessor-appraiser constitutes a quorum.



Reassessment/PTABOA

- Question: Is the determination based on the majority of quorum or the whole board?
- Answer: IC 6-1.1-28-1(a) states, in pertinent part “Any question properly before the board may be decided by the agreement of a majority of the *whole board*.”



Reassessment/PTABOA

- Question: Can a taxpayer refuse to discuss the issues with a representative or examiner and request a hearing before the Board?
- Answer: Yes. However, taxpayers may find that meeting with a representative or examiner will expedite the appeals process.



Reassessment/PTABOA

- Question: Is it the job of the Board to find something wrong in every appeal so that the assessed value can be reduced for every taxpayer who is unhappy?
- Answer: No, decisions should be made based on the merits of the appeal and the evidence presented to the Board.



Reassessment/PTABOA

- Mass appraisal = More than one property
 - the valuation of many properties as of a given date, using standard procedures and statistical testing
- Single-property appraisal = One property
 - the valuation of a particular property as of a given date
- Mass appraisals values may not be as precise as a single-property appraisal.



Reassessment/PTABOA

Questions / Comments?



Contact The Department

- **Barry Wood**
 - Telephone: 317.232.3762
 - Fax: 317.232.8779
 - E-mail: Bwood@dlgf.in.gov
- Web site: www.in.gov/dlgf
 - “Contact Us”: www.in.gov/dlgf/2338.htm